

RESOLUTION NO. 2003-09

A RESOLUTION OF THE LODI CITY COUNCIL URGING THE CALIFORNIA
LEGISLATURE TO REJECT THE GOVERNOR'S PROPOSED SHIFT OF
LOCAL VEHICLE LICENSE FEE (VLF) REVENUES AND TO HONOR THE
1998 COMMITMENT TO RESTORE THE VLF

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WHEREAS, prior to 1935, cities and counties collected property taxes on motor vehicles to fund essential local public health and safety services; and

WHEREAS, in 1935, the Legislature first enacted the Vehicle License Fee (VLF) Act, replacing the property tax on vehicles with a 1.75 percent fee charged against the value of the motor vehicle; and

WHEREAS, in 1948, the rate of the VLF was increased to 2 percent of the value of the vehicle; and

WHEREAS, in 1986, the voters voted overwhelmingly to constitutionally dedicate the proceeds of the VLF to fund city and county services; and

WHEREAS, in 1998, a period of strong economic growth, the Legislature approved the use of a portion of the rapidly growing state General Fund to reduce the VLF payments of vehicle owners. This amount, known as the "offset," grew in future years to a 67.5 percent offset against the amount owed. The amount paid to local governments in lieu of the reduced VLF payment is known as the "VLF backfill"; and

WHEREAS, the 1998 legislation and subsequent enactments contain clear provisions that when insufficient funds are available to be transferred from the General Fund to fully fund the offsets and backfill amount that the VLF offset shall be reduced and VLF payments increased; and

WHEREAS, VLF and backfill revenues constitute approximately 13 percent of the City of Lodi's general purpose revenues. Approximately 43 percent of the City of Lodi's operating budget goes to fund public safety services; and

WHEREAS, revenues derived from the VLF and backfill are of critical importance in funding vital local services; and

WHEREAS, any failure by the Legislature to maintain the VLF backfill or restore the VLF will cause widespread disruption in local government services essential to the well-being of Lodi citizens and their family members; and

WHEREAS, a range of City services could be affected in Lodi; and

WHEREAS, the City has multiple capital projects, which will likely be delayed; and

WHEREAS, Governor Davis' proposal to divert \$3.35 million in City of Lodi VLF backfill payments over the next 17 months fails to honor the 1998 commitment and is a direct assault on local services that will be felt by every Lodi resident; and

WHEREAS, shifting \$3.35 million in City of Lodi controlled revenues for local services is neither equitable nor fair. No state program or department has been asked to shoulder such a disproportionate share of the budget pain. These cuts come on top of the nearly \$20 million Educational Revenue Augmentation Fund (ERAF) transferred from City of Lodi services to fund state obligations.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Lodi, California, that if the state General Fund can no longer afford the expense of part or all of the VLF "backfill" that the Legislature and Governor of California are hereby respectfully urged to implement the provisions of the 1998 VLF law.

Dated: January 21, 2003

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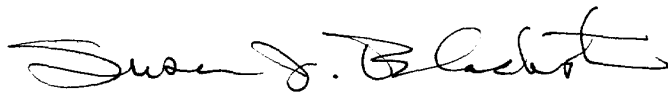
I hereby certify that Resolution No. 2003-09 was passed and adopted by the City Council of the City of Lodi in a special meeting held January 21, 2003, by the following vote:

AYES: COUNCIL MEMBERS – Beckman, Hansen, Howard, Land,
and Mayor Hitchcock

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk

2003-09